

FISCAL NOTE WORKSHEET (Revised Nov. 2006)

Agency: Utah State Office of Education
Danny Schoenfeld
 Requested By

Bill Number HB 74

Office of the Legislative Fiscal Analyst
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 Salt Lake City, UT 84114-5310
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Fax/Electronic Mail Transmittal

Date: _____
Name: _____
Fax Number: _____

Please return to Fiscal Analyst by: January 10, 2007

TITLE OF BILL: SCHOOL IMPACT FEES

This Bill Takes Effect: ☐ On Passage ☐ On July 1 ☒ 60 Days after session ☐ Other _____

Bill Carries Own Appropriation: ☐

FISCAL IMPACT OF PROPOSED LEGISLATION

A. Revenue Impact by Source of Funds:

First Year

Second Year

	First Year	Second Year
1. General Fund		
2. Uniform School Fund - Free Revenue		
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds	\$1,800,000	\$1,800,000
7. TOTAL	\$1,800,000	\$1,800,000

B. Expenditure Impact by Source of Funds:

1. General Funds		
2. Uniform School Fund - Free Revenue		
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds	\$35,000	\$35,000
7. TOTAL	\$35,000	\$35,000

C. Expenditure Impact Summary:

1. Salaries, Wages and Benefits		
2. Travel		
3. Current Expenses		
4. Capital Outlay		
5. Other (Specify) Local - Contracted Services	\$35,000	\$35,000
6. TOTAL	\$35,000	\$35,000

D. Impact in Future Years?

If no fiscal impact in first two years, indicate if there will be any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years. Use back side, if necessary.)

Impact fees are subject to challenge. School districts might incur consulting fees to defend their impact fee if challenged.

Von Hortin, Audit & Finance Specialist Finance & Statistics, USOE

538-7670

01/08/07

Prepared By

Title

Agency

USOE

Phone No.

Date

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Bill Title: School Impact Fees

E. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

F. Expenditure Impact Details (*Ties to totals in Section C*)

*List and document methodology and/or assumptions used in determining need for workload and cost increase.
(USE ATTACHMENTS IF NECESSARY.)*

To be able to implement an impact fee a district would need to contract with an economic analysis firm to help calculate and justify the impact fee to be charged. Also they would be needed to help with court cases in fee challenges. In checking with special districts who do currently levy impact fees and consultants who work on impact fee cases in other states where school districts do levy impact fees the school fees are the most commonly contested of all impact fees. It would probably take a couple of years to develop and implement the fees and to receive the first challenges. The fees generally can be challenged by individuals or developers and commercial entities.

G. No Fiscal Impact or Will Not Require Additional Appropriations?

*Specify why this bill will have no fiscal impact on your agency or institution.
Specify how you will reallocate workloads, resources, or funding sources to eliminate need for additional appropriations. (USE ATTACHMENTS IF NECESSARY.)*

This is not applicable.

H. If Bill Carries It's Own Appropriation:

*Indicate if the amount appropriated is adequate to meet the purposes of the bill.
Are there future additional costs anticipated beyond the appropriation in the bill?*
This bill does not carry an appropriation.

I. Impact on Local Governments, Businesses, Associations, and Individuals

Specify requirements in the bill that drive the impact on local governments.

Local School Districts/Charter Schools : This bill will allow a district to levy an impact fee to be used for capital construction costs. Assuming that two districts implemented an impact fee of \$1,500 and 1,200 new homes were built this would yield a total of \$1,800,000 to the two districts. We are unable to calculate the effect on businesses planning to build in the same areas. There would be costs to the districts to contract with economic consulting firms to help with calculation and defense of challenges to the impact fees. In states where impact fees are allowed for public schools this is the most often contested of all impact fees. The fiscal note assumes two districts with consulting fees of \$17,500 each. The cost of court challenges has not been figured into this analysis.

Businesses and Associations : We can not estimate how this would affect business decisions since there is no local experience upon which to base the estimates.

Individuals : This would increase the price of a new home. This could reduce the number of first time or new home buyers who could enter the housing market.

Narrative Description of Bill : This bill would allow school districts to levy an impact fee on new construction. The impact fees would reduce the need for bonding thus lightening the tax burden on the entire district and shift the costs to the new construction market. This might slow down new construction or further limit the number of families able to enter the new home market.

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

This fiscal note input draft does not imply endorsement of this bill by the State Board of Education or USOE.